ectt. IL-27—40.000—14-10-36.

Development (1939) Department.

MS SERIES.

G.O. No. 523

DATED 3 3 39

[Despatch Abstract.]

Industries - State Aid to Industries Act - Application from Mr. G.D. Soans, Mangalore - loan rejected.

C.F. 30.

DEPARTMENT.

Received ..... 19 *Registered* 4232 19

Subject.

INDUSTRIES - Application from Mr. G. Soans, Mangalore for aid under the State Aid to Industries Act - Submitting -

ENCLOSURES.
No. .....
.....
Spare copies .....

No. S.A.5/38

Station Madras, *Dated the* 9th February 19 39

From (Name) V. Ramakrishna Esq., M.A., I.C.S.,
(Designation) Director of Industries & Commerce,

To The Secretary to the Government of Madras,
Development Department.

Sir,

Mr. G.D. Soans, Mangalore, has submitted an application for a loan or a subsidy of Rs.500/- under section 6(a) or (c) of the State Aid to Industries Act. He is carrying on tailoring, knitting and sewing thread ball-making industries. The aid applied for is required partly for the discharge of the prior debts incurred by him in the purchase of his machines and partly for stocking yarn required for the work and for the purchase of the spare parts for the

machines. A copy of his application is attached. pp 5-6 ante.

2. The prospects of running these industries and the question of security for the aid have been dealt with in paragraphs 3 and 4 of the note circulated to the Board of Industries, a copy of which is enclosed. pp 3-4 ante The application was considered by the Board at its meeting held on the 30th January 1939 and as will be seen from the attached extract from the minutes of the proceedings, the Board unanimously declined to recommend the grant of the aid on the ground that these industries cannot be regarded as having an important bearing on the economic development of the country. p 13 infra

for DIRECTOR OF INDUSTRIES & COMMERCE.

N.N.

Note for the Board of Industries.

Application from Mr. G.D.Soans, Mangalore, for a loan or a subsidy of Rs 500/- under the State Aid to Industries Act.

Mr. G.D. Soans, Mangalore, has applied for a loan or a subsidy of Rs 500/- under section 6(a) or (c) of the State Aid to Industries Act. The aid applied for is required partly for the discharge of the prior debts incurred by him in the purchase of machines and partly for stocking yarn required for the work and for the purchase of spare parts for the machines. He proposes to repay the loan, if granted, in nine instalments. A copy of his application is attached.

2. The applicant has been carrying on tailoring, knitting and sewing thread ball-making industries in his mother's house where he lives. The industries may therefore be considered cottage industries, as defined in section 1-A of the Act and may be held to come under section 5(1) (c) of the Act.

3. Mr. Soans is employed as an assistant store-keeper on probation in the Mangalore Electric Supply Company Ltd., on a monthly salary of Rs 22/- and supplements his income by running these cottage industries. He has the undernoted items of machin installed in the house:-

(i) One hand-driven thread ball making machine;

(ii) one hand-driven socks and stockings knitting machine, and

(iii) one foot treadle Singer sewing machine and cone winding machine.

No.(i) is worked occasionally while No. (ii) is not worked for want of some needles and templates. No. (iii) is worked as and when tailoring work is had. The sisters and relations of Mr. Soans assist him in working these hand machines during their leisure hours, while Mr. Soans supervises the work in the morning and evening and also attends to the purchase of raw materials and the sale of finished products. The Principal, Government Textile Institute, Madras, who inspected the applicant's business in

Manjalorestates that the machines which have been purchased secondhand are in good working condition. As will be seen from the attached financial statement drawn up by him, the Principal estimates a net profit of about Rs 120/- per annum.

4. The security offered for the aid applied for consists of the machines referred to above, the value of which has has been estimated by the Principal, Government Textile Institute, at Rs 410/-. There is no stock of yarn with the applicant nor can he furnish any immovable property as security. The applicant is however prepared to offer personal security of any other person, if this is deemed necessary. As these are cottage industries, the applicant will, under Rule 24 of the Rules framed under the Act, be eligible for a loan of Rs 410/-. Under Section 6(c) of the Act, a subsidy may be granted for any purpose while section 16 of the Act does not appear to place any restriction on the amount of subsidy to cottage industries. It would appear therefore that the applicant will be eligible for a subsidy of Rs 410/- in lieu of the loan for the same amount. If a loan or a subsidy of the amount of Rs 410/- were granted, a sum of Rs 250/- would, as stated above, be applied towards the discharge of the prior debts and a balance of Rs 160, will be available to the applicant for working capital. The Principal, Government Textile Institute, recommends the grant of a loan but would limit the period of repayment to five years. A copy of the Principal's report is attached. The Collector of South Kanara, however, considers that it is not safe to advance to the applicant the amount of loan applied for by him for the reasons stated in His letter dated 23rd June 193 a copy of which is attached.

5. The views of the Board are desired on the merits of the application and/as to whether they are prepared to recommend the grant of any aid.

Form of application for aid under the State Aid to Industries Act 1922 (No. V of 1923).

1. Name of applicant and his full address.	G.D.Soans, Mission compound, Jeppoo, Mangalore.
2. Nature of the industrial concern for which aid is sought.	Making sewing thread balls, knitting socks and stockings and tailoring. "Ladies wear". All cottage industries.
3. The administrative, technical and executive staff existing or to be appointed with qualifications.	One woman with technical qualifications in knitting, cutting and tailoring. (Lower grade certificate of Madras presidency and 3 other women to work and assist, with practical experience.
4. The facilities available for the development of the industry.	Local demand for Sewing Thread balls, socks and stockings. Orders forthcoming for Ladies dress.
5. The nature of the process/to be employed.	All hand driven. Small girls and women have to be employed for the work.
6. Details of plant and machinery installed or proposed to be installed at the works.	Machinery already installed for cottage Industry. 1. One for making thread balls. 2. One for knitting, socks and stockings (Harrisons) 3. One for tailoring (Singer Sewing).
7. The total estimated cost of the undertaking and the probable time that will be occupied in its execution. (Details of recurring and non-recurring expenditure should be furnished separately.	The total estimated cost of No. 1. Rs 100 No. 2. Rs 200 } Rs 400/-. No. 3. Rs 100 The only recurring expenditure is the cost of maintaining the machines in smooth running order which may cost about Rs 5/- per month.
8. Approximate number of operatives employed or to be employed.	Approximate number of operatives estimated to be employed are 4.
9. Estimated net expenditure per annum in running the works.	The total estimated cost of raw materials required for one year is Rs 960/- for three machines referred to above.
10. Estimated net profits accruing.	It is estimated to earn at least a net profit of about Rs 120/- per year.
12. Reasons why the business cannot be financed without State assistance.	There is no capital for purchasing raw materials such a yarn etc., and also to pay the value of machines already installed.
12. Nature and extent of State aid applied for. (The particular clause of section 6 under which the aid is applied for should be stated.	Either a loan of Rs 500/- under Section 6(a) or a subsidy of Rs 500/- (under section 6(c)) of Madras Act V of 1923
13. Security offered (a) If land (1) Survey Number (2) Extent (3) Assessment (4) In whose name registered	Nil.
(b) Nature and description of other security, if any, offered.	Either the security of machines referred to above or if required personal security.

14. Nature and extent of the applicant's right in the concern whether as co-sharer or proprietor or otherwise and his financial resources.	Sole proprietor,
15. Nature and extent of the applicant's right to the property offered as security.	Nil.
16. Nature and extent of encumbrance on the immovable property offered security, primary or collateral.	Nil.
17. Whether any arrears are due on the immovable property offered as security -primary or collateral - and if so, the nature and extent of such arrears.	Nil.
18. Period within which and the number of instalments in which the applicant proposes to repay the loan.	At the rate of Rs 5/- per month i.e., Rs 60/- per year. (within 9 years).
19. Approximate additional net income expected to be earned as a result of the proposed expenditure.	Rs 10/- (Ten) per month i.e., Rs 120/- per year (Vide question No.10).
20. If the ~~application~~ application is from a joint stock company, the amount of capital actually subscribed and paid up and the number of shares held by each of the Directors and their salary and fees and other perquisites should be stated.	Nil.

Note:- The application should also be accompanied by a copy of the prospectus and memorandum and the Articles of Association ~~and~~ with a list containing the names and descriptions of the Directors.

21. Any other remarks. The applicant has incurred some debts of about Rs 250/- for the purchase of machines, and the balance of Rs 250/- are required for the purchase of raw materials yarn etc.) in wholesale in order to make little profit. This will also enable to put the finished goods into the market at a competitive rates with that of foreign goods.

Declaration. I, G. Soams, declare that the statement made above are true to the best of my information and belief.

10th February 1938.

Report of the Principal, Government Textile Institute, Madras

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I paid a visit to the concern of Mr. Soans on the 2nd September 1938 in connection with his application for a loan of Rs 500/- under the State Aid to Industries Act.

Mr. Soans is an assistant Store-keeper in the Electric Company, Mangalore, draws a pay of Rs 22 per mensem and the concern is run by him in order to supplement his low income. He has installed one foot treadle Singer Sewing machine and cone winding machine, one hand driven socks and stockings knitting machine, one hand driven thread ball making machine.

These machines are installed in his own home and he employes 2 members of his own family and 2 relatives for working these machines. He requires an investment of Rs 60 per month for purchase of yarn for the thread balling and knitting machine, and Rs 12 to Rs 15 per month for cloth for his sewing machine. He supervises the work in the mornings and evenings as also attends to the purchase of raw material and sale of the goods produced.

He proposes to repay debt of Rs 250/- (Rs200 from the local Co-operative Society and Rs 50/- from a private person) incurred on the purchase of the machines and utilise the balance as working capital. He anticipates a profit of about Rs 10/- per mensem or about Rs 120/- per annum, and expects to repay the loan with interest in 9 years at the rate of Rs 60/- per annum.

I recommend the grant of the loan of Rs 500/- applied for, but the period should not exceed five years and the applicant is somewhat agreeable to this (extract of his letter enclosed).

I have valued the assets of the concern and the items have been incorporated in the annexed financial statement.

Extact of letter dated 10th September 1938 from Mr. G.D. Soans to the Principal, Government Textile Institute, Madras.

X X X

I am agreeable to repay the loan of Rs 500/- within 5 years, but I could humbly request your goodself, if you could extend a little the period of repayment in order to protect me during the 4 monsoon months of the year when the business is generally slack.

Copy of letter No. L.Dis. 3241-38 dated 23rd June 1938 from the Collector of South Kanara, Mangalore, to the Director of Industries. Madras.

Advances - Loans - State aid to Industries Act - Mr. G.D. Soans - application for a loan of Rs 500/- - remarks offered.

I enclose copies of the statement of the applicant, G. D. Soans and the report, dated 8th June 1938 of the Revenu Inspector, Mangalore. The applicant is only a probationer on a monthly salary of Rs 22/-. The machinery is all second hand. He has no stock of yarn and he is unable to furnish land as security. I think it is not safe to advance loan of Rs 500/- to him.

Statement of Mr. G. D. Soans, recorded by the Revenue Inspector, Mangalore on 8th June 1938.

Read papers connected with the Mangalore Tahsildar's N. Ref. A5-5950-38, dated 31-5-1938. The application for a loan of Rs 500/- was made by me. I own the machinery detailed in my application. The machinery has been valued by me

at Rs.400/-. I am carrying on the tailoring and knitting work in the house building belonging to my mother and I live in the premises. I am working as an assistant store-keeper in the Mangalore Electric Supply Co., Ltd., on a monthly salary of Rs 22/-. The machinery was purchased by me for Rs 475/-. I have borrowed an amount of Rs 200/- from the Christian Co-operative Society, Balmatta and about Rs 50/- from my friends. My total liability thus comes to Rs 250/-. The amount applied for is required partly for the discharge of the debts and partly for stocking yarn required for the work and for the purchase of spare parts of the machine. The industry is still in its infancy and with some capital I hope to earn about Rs 120/- per annum by way of net profits. I do not own any immoveable property. I do not hold any stock of raw materials. I request that the amount applied for by me may be disbursed to me on the security of the machines and by personal security. I am prepared to offer the personal security of any other person, if this is deemed necessary.

G.D.Soans.
8-6-1938.

Read over and admitted to be correct.

S. Narasinga Pai,
Revenue Inspector,
Mangalore.

I.Dis. I.R.1884/47.

Resubmitted to the Tahsildar, Mangalore Taluk.

The statement of Mr. G.D.Soans recorded by me may be perused. Mr. Soans has been employed as an assistant store-keeper on probation in the Mangalore Electric Supply Co., Ltd. on a monthly salary of Rs 22/-. He owns the machinery detailed by him in his application. The machinery is all second-hand. He says that the three machinery articles were purchased by him for Rs 475/- and he has now valued them at Rs 400/-. My view is that the machinery will not fetch even Rs 200/-

if sold in the market. The sisters of Mr. Soans will attend to the making of thread balls and knitting socks and stockings during their leisure hours. The articles prepared will be sold to shop-keepers. He has made a very low beginning. I found no stock of yarn. He says he cannot furnish land as security but can offer any other personal security of any other person. My view is that in the circumstances of the case, it is not safe to advance a loan of Rs 500/-.

Sd. S. Narasinga Pai,
8-6-1938.
Revenue Inspector,
Mangalore.

FINANCIAL STATEMENT FOR A KNITTING, SEWING THREAD AND TAILORING CONCERN.

	1. Thread Balls making machine. Cost. Rs A. P.	2 Socks & Stockings making machine. Cost. Rs A. P.	3 Sewing machine. Cost. Rs A. P.
1. Non-Recurring expenditure.			
Land and Building	Nil	Nil	Nil
Machinery (one in number)	100 0 0	Machine with 200 0 0	100 0 0
Accessories	10 0 0	cone wheel 20 0 0	5 0 0
Working Expenses and stock of yarn required	80 0 0	20 0 0	20 0 0
	190 0 0	240 0 0	125 0 0
Recurring expenditure per month of 25 working days.			
Establishment charges	--	--	--
Wages for workers	5 0 0	5 0 0	10 0 0
Repairs and Renewals of machine	1 0 0	2 0 0	0 8 0
Depreciation on equipment 5% (on Rs 100)	0 7 0	(on Rs 200) 0 14 0	(on Rs 100) 0 7 0
Rates and taxes.	--	--	--
Office expenses (postage stamps, packing etc.)	2 0 0	(on Rs 240) 2 0 0	1 0 0
Interest on capital @ 5% (on Rs 190/-)	0 13 0	(on Rs 240) 1 0 0	(on Rs 125) 0 9 0
Contingencies	0 12 0	1 2 0	0 8 0
	10 0 0	12 0 0	13 0 0
Production on one machine per day	6 doz. Balls	4 pairs of stockings	2 Ladies Dress
do. per month of 25 days	150	100 do.	50 do.

Cost of production for one dozen balls ...	0	1	1
do. yarn do.	0	9	5
Total cost of one dozen balls	0	10	6
Sale Price for one dozen balls	0	11	0
Net profit per dozen balls	0	0	6
Therefore net profit per day	0	3	0
do. for 25 days	4	11	0

Total profit per month 10-15-0
or say about 0/-

Cost of production per pair	0	2	0
Cost of yarn including wastage	0	2	0
Cost price of 2 pair	0	4	0
Sale price of 2 pair	0	4	9
Net profit for 1 pair	0	0	9
Net profit for4 pairs	0	3	0
do. for one month of 25 days	4	11	0

Cost of production of 1 ladies dress	0	4	2
Cost of cloth	0	5	4
Cost price of 1 ladies dress	0	0	6
Sale price of 1 dress	0	10	0
Net profit per dress	0	0	6
do. per day	0	1	0
do. 25 days (month)	1	0	0

EXTRACT.

The Minutes of the Proceedings at the thirty third meeting of the Board of Industries constituted under the Madras State Aid to Industries Act (Act V of 1923) held at the Office of the Director of Industries and Commerce, Madras, on Monday the 30th January 1939 at 11 A.M.

Present:

Chairman.

1. Sri V. Ramakrishna, M.A., I.C.S., Director of Industries and Commerce.

Members.

2. Mr. C.E. Jones, C.I.E., I.C.S., Secretary to Government, Finance Department.
3. " D.Q. Davidson,
4. " F. Howard Oakley.
5. Sri. A. Ranganatha Mudaliar, B.A., B.L.,
6. " Chandulal M. Kothari, B.A., L.L.B.
7. Diwan Bahadur G. Narayanaswami Chettiar, C.I.E.,
8. Sri P.S. Kumaraswami Raja, M.L.A.
9. " L.L. Narasimharaju, M.L.A.,
10. " R. Rm. Ct. P.. Palaniappa Chettiar.
11. Rao Bahadur . Giriappa, Registrar of Cooperative Societies.

The following applications were considered:-

(1) Application from Mr. G.D. Soans, Mangalore, for a loan of under the State Aid to Industries Act for carrying on tailor-knitting, etc , industries.

Read note by the Director of Industries and Commerce and connected papers.

Resolved unanimously that, in view of the fact that this industry cannot be regarded as having an important bearing on the economic development of the country, the Board is unable to recommend the grant of the loan applied for.

42
3/37

C.F. 16.

DRAFT FOR APPROVAL.

	Date.	Initials.
When received for fair copying ..		
When copied ..		
When examined..		
When signed ..		
When despatched.		

SUBJECT:— Industries
State Aid to Industries Act
Application from Mr G.D. Soa
Mangalore - loan - reje

READ AGAIN _____, dated _____ 19____.

" " _____ " _____ 19____.

READ *ALSO*:—

No. 4232 From the D. I. & C., No. SA 5/38, dated 9.2 19 38.

" _____ " _____ " _____ " _____ 19____.

" _____ " _____ " _____ " _____ 19____.

~~Order~~ ~~Resolution~~ ~~Ms.~~ ~~Rout.~~ No. 523, dated 9.3. 19 37/38

H.E. the Governor is precluded under the provisions of Sec 8(5) the Madras State Aid Industries Act, 1922 (Madras Act V of 1923) from sanctioning the loan applied for by Mr G. D. Soans Mangalore, as the Board of Industries has unanimously declined to recommend it. The application is therefore rejected

28/2/38

Ordered

The D. I. & C.

11/3/38

11/2/38 M.2.38

(Mr (IR) 9/3/38